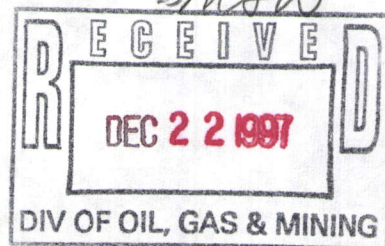




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United States Department of the Interior

OFFICE OF THE SOLICITOR

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SALT LAKE CITY, UTAH 84138
(801) 524-5677 ext.228



December 18, 1997

Craig R. Carver, Esq.
Alfers & Carver
730 17th Street, Suite 340
Denver, Colorado 80202

Re: Western States Mining Drum Mine Reclamation

Dear Craig:

Yesterday I met with representatives of BLM, DOGM, DEQ, and the Attorney General's Office to discuss the sampling plan and reclamation proposal that your client submitted for the Drum/Jumbo mine site. First, on behalf of all parties, I would like to express our appreciation for the good faith efforts that you and your client have taken to resolve the problems on that site.

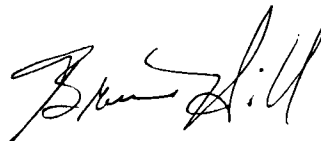
The parties agree that the sampling plan should provide much of the information necessary to structure an effective reclamation plan. However, as I am sure you and your client know, the results of the sampling might raise questions that can be answered only by additional sampling. Thus we want to be clear that additional sampling might be required after the results are in. Also, there was general concern that the proposed sampling does not appear to address the conditions in the lower portions of the heap piles, i.e., it does not sample materials below the upper levels of the liner. Since there is no information available related to leaching from those piles, it would appear that the condition of materials within the liners is relevant.

I suggest that the technical experts from the BLM and the State meet with Mr. Buzz Gerick soon after the holidays to discuss these issues and finalize the sampling portion of the reclamation operation.

Regarding the reclamation plan, I will provide comments to you shortly. As a general matter, the format looks fine, but there are numerous portions that will require State concurrence/approval as well as BLM sign off.

Please call me if you wish to discuss this further. Again, thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Hill". The signature is fluid and cursive, with the first name "Bruce" and last name "Hill" clearly distinguishable.

BRUCE HILL
Field Solicitor

cc: Tom Mitchell, Esq., Asst. Atty. Gen.
Dan Moquin, Esq., Asst. Atty. Gen.
Alan Rabinoff, BLM
Mary Ann Wright, DOGM